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Executive Registry

74-6703/5

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74-2713/1

Admiral Stansfield Turner, USN
Director
Central Intelligence Agency
Washington, DC 20505

Dear Admiral ~~Turner~~ ^{P. J. Turner}:

Thank you for your letter dated August 7, 1979, concerning the dramatic increase in the Standard Level User Charge (SLUC) assessed your Agency for facilities in McLean and Arlington, Virginia.

Section 210(j) of the Federal Property and Administrative Services Act authorizes and directs the Administrator to charge anyone for service, and space at rates determined by the Administrator. Section 210(j) further directs that "... such rates and charges shall approximate commercial charges for comparable space and services..."

The SLUC rate is based on an appraisal of each facility and the rents charged for similar buildings and services to commercial customers. The appraisals are performed by independent consultants and reviewed by our staff appraisers. Traditional appraisal techniques are used in compliance with our procedures. GSA fixed SLUC rates for a 3-year term to assist agencies in making budget projections. This process has insulated agencies from market trends and annual escalations, but has exaggerated the impact of new assessments.

This year is the first time that the appraisal method was used as a basis for determining the SLUC rate at the McLean printing facility. The previous assessment was made in February 1975 and was developed from a matrix rate for a geographic area. An explanation of the change in methods is enclosed. The length of time between reevaluation of your rate and the change in method of evaluation are the reason for the 131 percent increase in the SLUC rate for the printing facility.

As you will see in the three articles which I have enclosed, the rapid increase in rents has been particularly acute in the Washington metropolitan area. Within the last 2 years, commercial rates have increased 82 percent. The increase in your SLUC charges for the two other facilities are within the market increase. They average 43 - 48 percent over a 3-year period.

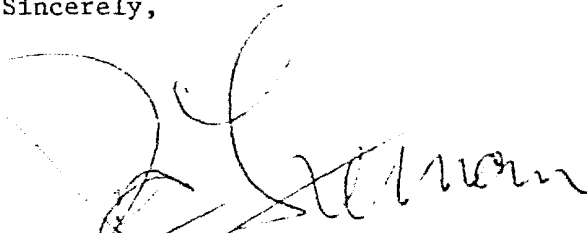
While increases of this magnitude are a burden to us all, the method of determining the rates through the appraisal process is reasonable and carries out the intent of Section 210(j) of the Federal Property and Administrative Services Act.

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If you wish additional information, please have a member of your staff contact Mr. John T. Myers, Regional Commissioner, Public Buildings Service on 472-1891.

Sincerely,



R. D. Freeman III
Administrator

Enclosure